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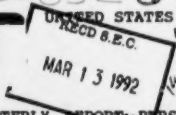

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

L
42-2243

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18724

BEST COPY AVAILABLE

MARQUETTE ELECTRONICS, INC.
(Exact name of registrant as specified in its charter)

Wisconsin	39-1046671
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
8200 W. Tower Avenue, Milwaukee, Wisconsin	53223
(Address of Principal Executive Offices)	(Zip Code)

(414) 355-5000
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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	Outstanding at February 29, 1992
Class A, $.10 par	15,746,480 Shares
Class C, $.01 par value	26,250,000 Shares

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MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements

MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)
(UNAUDITED)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Net Sales	$ 60,607	$ 56,017	$167,678	$154,805
Cost of Sales	29,617	27,910	81,068	75,107
Gross profit	30,990	28,107	86,610	79,698
Engineering Expenses	4,638	4,632	13,240	13,892
Selling Expenses	15,584	13,781	42,994	40,101
General and Administrative Expenses	4,662	4,808	13,305	13,777
Total operating expenses	24,884	23,221	69,539	67,770
Income from operations	6,106	4,886	17,071	11,928
Interest Expense	430	655	1,701	1,805
Other Income, net	(437)	(707)	(1,180)	(3,233)
Income before income taxes	6,113	4,938	16,550	13,356
Provision for Income Taxes	2,603	1,979	6,596	5,317
Net Income	$ 3,510	$ 2,959	$ 9,954	$ 8,039
Net Income per Class A Common Share	$ .22	$ .19	$ .64	$ .51
Shares used in per share calculation	15,999	15,833	15,528	15,860

The accompanying notes are an integral part of these statements.

MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(Amounts in Thousands, Except Per Share Data)

ASSETS	As of January 31, 1992 (Unaudited)	As of April 30, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 135	$ 2,148
Accounts receivable, less allowances of $345 and $238, respectively	71,996	60,583
Inventories	45,876	42,495
Prepaid expenses and other	3,739	2,513
Deferred income tax benefits	1,402	1,074
Total current assets	123,148	108,813
PROPERTY AND EQUIPMENT, NET	40,439	36,718
OTHER ASSETS	10,863	10,261
	$174,450	$155,792
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable to bank	$ 3,637	$ 5,500
Current maturities of long-term debt	1,675	2,884
Accounts payable	14,361	12,985
Accrued liabilities	22,248	16,391
Total current liabilities	41,921	37,760
LONG-TERM DEBT, less current maturities	13,456	19,814
DEFERRED INCOME TAXES	2,111	2,402
MINORITY INTEREST	682	728
CLASS A COMMON STOCK UNDER REPURCHASE AGREEMENTS	17,675	13,814
SHAREHOLDERS' EQUITY:		
Class A Common Stock, $.10 par value, 30,000,000 shares authorized, 15,867,255 and 15,121,564 shares issued, respectively	1,587	1,512
Class C Common Stock, $.01 par value, 50,000,000 shares authorized, 26,250,000 shares issued and outstanding	263	263
Additional paid-in capital	24,092	13,167
Retained earnings	92,050	82,361
Treasury stock, at cost, 120,775 shares of Class A Common Stock	(1,650)	(1,650)
Cumulative translation adjustment	(62)	(565)
Class A Common Stock under repurchase agreements	(17,675)	(13,814)
Total shareholders' equity	98,605	81,274
	$174,450	$155,792

The accompanying notes are an integral part of these balance sheets.

MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

For the Nine Months Ended January 31, 1992 and 1991

(Amounts in Thousands)
(UNAUDITED)

	1992	1991
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	$ 6,206	$(4,423)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Property and equipment additions, net	(9,248)	(4,990)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) from notes payable to bank, net	(1,863)	9,044
Proceeds from issuance of long-term debt	1,861	1,275
Payments on long-term debt	(9,428)	(1,328)
Proceeds from issuance of common stock	10,223	234
Purchase of common stock	(267)	(1,387)
Net cash provided by financing activities	526	7,838
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	503	848
Net decrease in cash and cash equivalents	(2,013)	(727)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,148	1,164
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 135	$ 437
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for-		
Interest	$ 1,735	$ 1,734
Income taxes	$ 7,136	$ 4,066

The accompanying notes are an integral part of these statements.

MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Per Share Data)

(UNAUDITED)

(1) Basis of Presentation-

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. However, in the opinion of the Company, adequate disclosures have been presented to make the information not misleading, and all adjustments necessary to present fair statements of the results of operations, financial position and cash flows have been included. It is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements included in Marquette Electronics, Inc.'s Registration Statement on Form S-1.

(2) Inventories-

Inventories consist of the following:

	January 31, 1992	April 30, 1991
Raw materials and component parts	$13,305	$10,541
Work in process and finished goods	19,219	19,468
Demonstration inventory	13,352	12,486
	$45,876	$42,495

(3) Acquisition of Marquette M. Ireland Limited-

On May 1, 1991, the Company acquired the remaining 9% of the ordinary shares of Marquette M. Ireland Limited for an aggregate purchase price of $958, consisting of $179 in cash and 60,290 shares of Class A Common Stock. This acquisition resulted in additional goodwill of $620.

(4) Issue of Common Stock-

On November 1, 1991, the Company issued 680,000 additional shares of Class A Common Stock and sold the shares as part of an initial public offering for net proceeds of $10,077. The proceeds were used primarily to retire indebtedness carrying interest at the prime rate.

(5) Stock Repurchase Agreements-

Effective with the public offering of its common stock, the Company's obligation to purchase Class A Common Stock under certain of the agreements described in Note 10 to the Consolidated Financial Statements included in the Company's Registration Statement on Form S-1 is terminated. The aggregate contingent liability under these agreements at April 30, 1991, was approximately $11,149.

ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - Three-Month and Nine-Month Periods Ended January 31, 1992 and 1991

Net sales for the three-month period ended January 31, 1992 of $60.6 million were $4.6 million, or 8.2% higher than net sales for the three-month period ended January 31, 1991. Net sales for the nine-month period ended January 31, 1992 of $167.7 million were $12.9 million, or 8.3% higher than net sales for the same period last year. The increase in net sales for both periods was primarily related to increased sales of TRAM Critical Care Monitors and Cardiac Catheterization products. Net sales of monitoring products increased $1.2 million, or 6.2% in the three-month period and $5.8 million, or 10.7% in the nine-month period. Net sales of cardiac catheterization products increased $1.4 million, or 127.0% in the three-month period and $1.9 million, or 75.9% in the nine-month period.

Gross profit increased $2.9 million, or 10.3% in the three-month period and $6.9 million, or 8.7% in the nine-month period primarily related to increased sales. The gross profit margin was relatively stable at 51.7% for the nine-month period ended January 31, 1992 as compared with 51.5% for the same period last year.

Engineering expenses were level at $4.6 million in each of the three-month periods ended January 31 and decreased $.7 million, or 4.7% in the nine-month period ended January 31, 1992 as compared with the same period last year. The decrease in engineering costs reflects reduced new product development expenditures following the introduction of new patient monitoring products in March, 1990.

Selling expenses increased $1.8 million in the three-month period ended January 31, 1992 and increased $2.9 million, or 7.2% in the nine-month period reflecting expenses related to marketing the Clinical Information Management System under a distribution agreement with CliniComp, International, commissions paid on increased sales, and expenses related to an Australian sales subsidiary established in January, 1991.

General and administrative expenses were relatively stable with a decrease of $.1 million in the three-month period ended January 31, 1992 and a decrease of $.5 million, or 3.4% in the nine-month period ended January 31, 1992 as compared with the same periods last year.

Level operating expenses combined with increased sales resulted in an increase in income from operations of $1.2 million, or 25.0% in the three-month period ended January 31, 1992 and $5.1 million, or 43.1% in the nine-month period ended January 31, 1992 over the same periods last year.

Interest expense decreased $.2 million, or 34.4% in the three-months ended January 31, 1992 and $.1 million, or 5.8% in the nine-month period ended January 31, 1992 due to a reduction in the prime lending rate from the prior year.

Other income decreased $.3 million, or 38.2% in the three-month period ended January 31, 1992 and $2.1 million, or 63.5% in the nine-month period ended January 31, 1992 due primarily to foreign currency exchange gain recognized last year related to a weakening U.S dollar relative to European currencies.

The provision for income taxes increased to 42.6% in the three-month period ended January 31, 1992 and 39.9% in the nine-month period ended January 31, 1992 from 40.1% and 39.8% respectively, in the same periods last year due to unused foreign net operating losses in the three-month period ended January 31, 1992.

Liquidity and Capital Resources

As of January 31, 1992 the Company had $3.0 million outstanding on lines of credit of $17.5 million available for U.S. borrowings. In addition, the Company had $2.5 million, U.S. equivalent, in foreign currency loans outstanding on lines of credit of $10 million available for foreign currency borrowings. The foreign currency loans were placed as a natural hedge against foreign currency receivables.

Working capital was $81.2 million at January 31, 1992 compared to $71.1 million at April 30, 1991. Total inventories increased $3.4 million of which $2.8 million relates to raw materials to support increased shipping commitments and $.9 million relates to demonstration inventories. Inventory increases were financed with working capital.

Capital expenditures during the nine-months ended January 31, 1992 were $9.2 million, primarily related to construction of an 85,000 square foot addition to and renovation of the Milwaukee plant. The construction was funded with cash from operations.

On November 1, 1991, the Company issued 680,000 additional shares of Class A Common Stock and sold the shares as part of an initial public offering for net proceeds of $10,077,000. The proceeds were used primarily to retire indebtedness carrying interest at the prime rate.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Marquette Electronics, Inc.

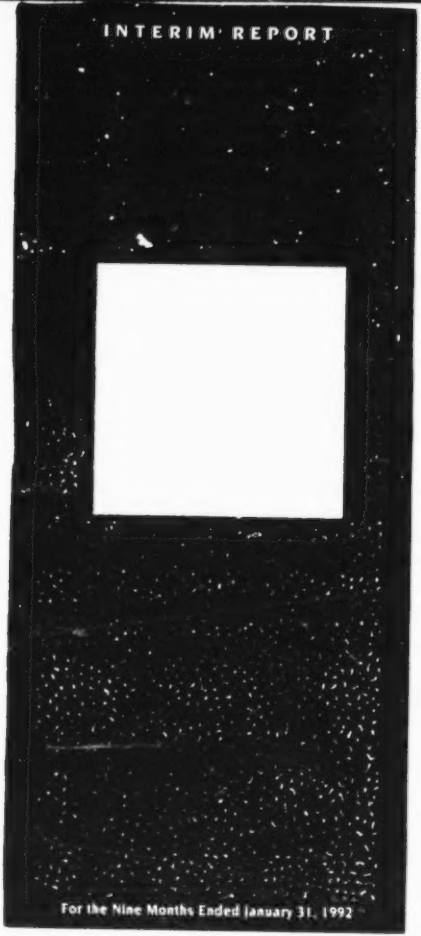
(Registrant)

Date: 3-11-92

Michael J. Cudahy
President

Date: 3-11-92

Mary M. Kabacinski
Vice President/Treasurer


INTERIM REPORT
For the Nine Months Ended January 31, 1992

MARQUETTE ELECTRONICS, INC. AND SUBSIDIARIES

Unaudited Consolidated Condensed Statements
of Income and Cash Flows (Amounts in Thousands, Except Per Share Data)

STATEMENTS OF INCOME

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Net Sales	$ 60,607	$ 56,017	$ 167,678	$ 154,805
Cost of Sales	29,617	27,910	81,068	75,107
Gross profit	30,990	28,107	86,610	79,698
Engineering Expenses	4,638	4,632	13,240	13,892
Selling Expenses	15,584	13,781	42,994	40,101
General and Administrative Expenses	4,662	4,808	13,305	13,777
Total operating expenses	24,884	23,221	69,539	67,770
Income from operations	6,106	4,886	17,071	11,928
Interest Expense	430	655	1,701	1,805
Other Income, net	(437)	(707)	(1,180)	(3,233)
Income before income taxes	6,113	4,938	16,550	13,356
Provision for Income Taxes	2,603	1,979	6,596	5,317
Net Income	$ 3,510	$ 2,959	$ 9,954	$ 8,039
Net Income per Class A Common Share	$ .22	$ .19	$ .64	$ .51
Shares used in per share calculation	15,999	15,833	15,528	15,860

STATEMENTS OF CASH FLOWS

	Nine Months Ended January 31, 1992	Nine Months Ended January 31, 1991
Cash Flows From (Used in) Operating Activities	$ 6,206	$ (4,423)
Cash Flows Used in Investing Activities:		
Property and equipment additions, net	(9,248)	(4,990)
Cash Flows From Financing Activities:		
Proceeds (payments) from notes payable to bank, net	(1,863)	9,044
Proceeds from issuance of long-term debt	1,861	1,275
Payments on long-term debt	(9,428)	(1,328)
Proceeds from issuance of common stock	10,223	234
Purchase of common stock	(267)	(1,387)
Net cash provided by financing activities	526	7,838
Effect of Exchange Rate Changes On Cash and Cash Equivalents	503	848
Net decrease in cash and cash equivalents	(2,013)	(727)
Cash and Cash Equivalents at Beginning of Period	2,148	1,164
Cash and Cash Equivalents at End of Period	$ 135	$ 437
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for		
Interest	$ 1,735	$ 1,734
Income taxes	$ 7,136	$ 4,066

Letter to Shareholders

Dear Shareholder:

Marquette Electronics reported increased earnings over the third quarter last year. Net income increased 18.6% to $3.5 million from $3.0 million last year. Net income for the nine-month period ended January 31, 1992 increased 23.8% to $9.9 million from $8.0 million in the same period last year.

Operating income increased 25.0% to $6.1 million from $4.9 million in the third quarter last year. The improved operating income was primarily due to increased sales and an improved gross profit margin. Operating income for the nine-month period increased 43.1% to $17.1 million over $11.9 million last year.

Net sales from the third quarter were $60.6 million, up 8.2% from $56.0 million last year. Net sales for the nine-month period increased 8.3% to $167.7 million from $154.8 million last year. Sales for Marquette's newest line, the cardiac catheterization product line increased 75.9% to $4.5 million for the nine-month period.

The Company issued an additional 680,000 shares of Class A Common Stock on November 1, 1991 for total net proceeds of $10,077,600. The proceeds were used to retire installment debt.

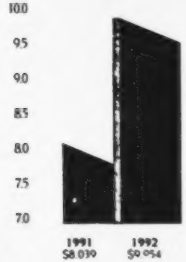
Marquette Electronics, Inc. is a leading manufacturer of medical electronic equipment and systems for the diagnosis and monitoring of patients requiring critical care. The Company is a world market leader in sales of computerized electrocardiographic equipment and related supplies, and is also one of the market leaders in sales of systems used for monitoring of vital patient physiological parameters.

Michael J. Cudahy
President

Mary M. Kabacinski
V. President/Treasurer

Net Sales
Nine Months Ended January 31
(Amounts in Millions)

Net Income
Nine Months Ended January 31
(Amounts in Millions)



Consolidated Condensed Balance Sheets
and Notes to Financial Statements (Amounts in Thousands)

BALANCE SHEETS

	As of January 31, 1992 (Unaudited)	As of April 30, 1991
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 135	$ 2,148
Accounts receivable, less allowances of $345 and $238 respectively	71,096	60,583
Inventories	45,876	42,495
Prepaid expenses and other	3,739	2,513
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Other Assets	10,863	10,261
	$ 174,450	$ 155,792
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
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Accounts payable	14,361	12,985
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Long-term Debt, less current maturities	13,456	19,814
Deferred Income Taxes	2,111	2,402
Minority Interest	682	728
Class A Common Stock Under Repurchase Agreements	17,675	13,814
Shareholders' Equity	98,605	81,274
	$ 174,450	$ 155,792

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

(1) Basis of Presentation

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(3) Acquisition of Marquette N. Ireland Limited

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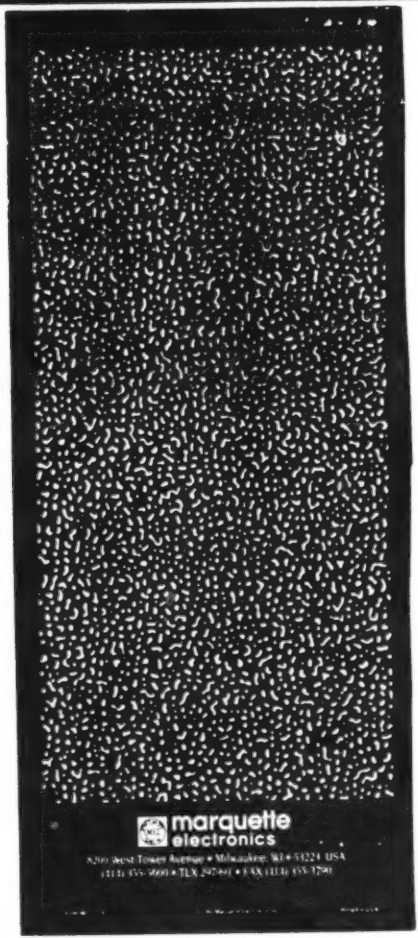
(4) Issue of Common Stock

On November 1, 1991, the Company issued 680,000 additional shares of Class A Common Stock and sold the shares as part of an initial public offering for net proceeds of $10,077. The proceeds were used to retire indebtedness carrying interest at the prime rate.

(5) Stock Repurchase Agreements

Effective with the public offering of its common stock, the Company's obligation to purchase Class A Common Stock under agreements described in Note 10 to the Consolidated Financial Statements included in the Company's Registration Statement on Form S-1 is terminated. The aggregate contingent liability under these agreements at April 30, 1991, was approximately $11,149.


marquette
electronics